



TREASURY DEPARTMENT

WASHINGTON

OFFICE OF
TREASURER OF THE UNITED STATES
IN REPLYING QUOTE INITIALS

October 25, 1920.

To Banks, Trust Companies and Others Concerned:

Since the beginning of the war it has been the policy of the Treasury to conserve gold and discourage its circulation, and this policy has not changed with the cessation of hostilities or the removal of the embargo on the exportation of gold. It is just as important as ever that gold, which is the foundation of our reserves and the backbone of all credit transactions, should be concentrated in the Federal Reserve Banks as reserve and for use in the settlement of balances growing out of international transactions, and it is the desire of the Treasury that the conservation of gold should continue and that there should be no revival of the use of gold coin or gold certificates for payrolls and everyday transactions generally, in which it serves no useful purpose. The circulation of gold coin and gold certificates tends to dissipate the reserves, and the circulation of gold coin involves a considerable loss due to abrasion which is avoided by having the gold carried in the vaults of the Federal Reserve Banks and the Treasury.

In accordance with this policy persons requesting gold are invited to accept other currency instead, but gold has not been and will not be, refused to persons who, after giving consideration to the Treasury's policy, demand it and are entitled to receive it by reason of the presentation and surrender of gold obligations. Wherever gold is demanded it is furthermore the Treasury's policy to pay out available, but not new, gold coin in the denomination of \$20 and gold certificates of large denominations, and to avoid so far as possible the use of gold coin in denominations of \$5 and \$10 and gold certificates in the denomination of \$10, though such denominations will not be refused if demanded. Payments of \$2.50 gold pieces, however, will not be made, inasmuch as no gold has been coined in this denomination for many years and there is no available supply in Treasury offices.

In view of the foregoing, and the fact that there has been relatively little coinage of gold for several years past, the Mints being taxed to their capacity to supply subsidiary silver and minor coins for ordinary business purposes, there will be no distribution of gold coins this year for holiday purposes.

JOHN BURKE

Treasurer.